



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

AMENDMENT NO. 2 TO CONCESSION AGREEMENT NO. DOT-A-08-0011  
TO RAISE LUGGAGE CART RENTAL FEE AND IMPLEMENT REWARD FEE  
SMARTE CARTE, INC.  
HONOLULU INTERNATIONAL AIRPORT, HILO INTERNATIONAL AIRPORT,  
KAHULUI AIRPORT, KONA INTERNATIONAL AIRPORT AT KEAHOLE  
AND LIHUE AIRPORT

STATEWIDE

The Department of Transportation (DOT) proposes to amend the existing Luggage Cart and Baggage Locker Concession at Honolulu International Airport, Hilo International Airport, Kahului Airport, Kona International Airport at Ke'ahole and Lihue Airport to raise the luggage cart rental fee from \$4.00 to \$5.00 and to implement a "reward fee" of \$0.25 per luggage cart returned to the dispenser located inside the secured area of the terminal buildings.

LEGAL REFERENCE:

Chapter 102-2(b)(4), Hawaii Revised Statutes, as amended. Exemption from the bidding requirements for automatic teller machines and vending machines, except vending machines located at public schools operated by blind or visually-handicapped persons, in accordance with Section 302A-412.

APPLICANT:

Smarte Carte, Inc.

LOCATION:

Honolulu International Airport, Hilo International Airport, Kahului Airport, Kona International Airport at Ke'ahole and Lihue Airport.

ZONING:

Honolulu – Land use: Urban/County: Industrial (I2)  
Hilo – Land Use: Urban/County: Industrial (ML20)  
Kahului – Land Use: Urban/County: Airport  
Kona at Ke‘ahole – Land Use: Urban/County: Industrial (MG1a)  
Lihu‘e – Land Use: Urban/County: Industrial (IG-STP)

TAX MAP KEY:

1<sup>st</sup> Division – 1-1-03: Portion of 1 (Honolulu)  
2<sup>nd</sup> Division – 3-8-01: Portion of 19 (Kahului)  
3<sup>rd</sup> Division – 7-3-43: Portion of 1 (Kona at Ke‘ahole)  
3<sup>rd</sup> Division – 2-1-12: Portion of 9 (Hilo)  
4<sup>th</sup> Division – 3-5-01: Portion of 8 (Lihu‘e)

LAND STATUS:

Honolulu	-	Section 5(a) Non-Ceded, 5(b) Ceded Hawaii Admissions Act HHL 30% entitlement lands Yes__ No <u>X</u>
Hilo	-	Section 5(b) Ceded, Hawaii Admissions Act DHHL 30% entitlement lands Yes__ No <u>X</u>
Kahului	-	Section 5(a) Non-Ceded, Hawaii Admissions Act DHHL 30% entitlement lands Yes__ No <u>X</u>
Kona at Ke‘ahole	-	Section 5(b) Ceded, Hawaii Admissions Act DHHL 30% entitlement lands Yes__ No <u>X</u>
Lihu‘e	-	Section 5(a) Non-Ceded, Hawaii Admissions Act DHHL 30% entitlement lands Yes__ No <u>X</u>

PREMISES:

The luggage cart dispensing and collection devices are located at various points at each of the airport terminal buildings to assist the traveling public. Individual locations are subject to change due to changes in traveler demands and operational needs of the airport.

CONCESSION TERM:

Initial Term was five years, commencing on August 1, 2008 and ending on July 31, 2013. The Concession Agreement was subsequently amended under the Provisions of Act 33, Session Laws of Hawaii .... To extend the term until July 31, 2016.

CONCESSION FEE:

For the Term of the Concession Agreement, the Concession Fee shall be fourteen percent (14%) of the Gross Receipts from luggage carts rentals at the airports.

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existed.

REMARKS:

As the airlines have made it more expensive to check-in luggage for flights, many travelers have taken to using smaller bags that fit in overhead compartments in the passenger cabin or under the seat in front of them. Most of these smaller bags also have built-in wheels that make it convenient for a passenger to pull them along as they traverse the airport terminal buildings to their departure gates. The same holds true for arriving travelers. Consequently, the demand for luggage carts has declined in airports nationwide. However, for many travelers, especially family groups, the luggage carts provide a necessary service when traversing an airport.

Smarte Carte, Inc. operates luggage cart rental concessions at the majority of airports across the United States. In almost all of those airports, the fee to rent a luggage cart is \$5.00. Smarte Carte last raised the fee in Hawaii from \$3.00 to \$4.00 per rental on January 1, 2010. Faced with the eroding of the market for the use of luggage carts and increases in electricity to operate the car dispensers and staff costs, Smarte Carte is seeking to bring Hawaii pricing in line with the rest of the country. It will offset some of the increase by reinstating a \$0.25 reward for carts that are properly returned to dispensing machines located in the secure portions of the terminal buildings. The DOT does not object to the increase in the rental fee and the \$0.25 reward.

RECOMMENDATION:

That the Board authorize the DOT to amend the Concession Agreement, as hereinabove outlined, subject to: (1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) the review and approval of the Department of the Attorney General's Office as to the lease form and content.

Respectfully submitted,



GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member